



Tribal TANF and CCDF Guide to

*Financial Management, Grants Administration,
and Program Accountability*



Overview of Programs

Child Care and Development Fund for Tribal Grantees (CCDF)

- The Child Care and Development Block Grant was enacted in 1990 to provide child care assistance to low income working families.
- The CCDF assists low-income families, families receiving temporary public assistance, and those transitioning from public assistance in obtaining child care so they can work or attend training/education.



Overview of Programs

Tribal Temporary Assistance for Needy Family (TANF)

The 1996 welfare reform law, giving federally recognized Indian Tribes, or consortia of such Tribes, authority to operate their own Temporary Assistance for Needy Families (TANF) program. The Tribal TANF Program moves families to self-sufficiency while encouraging and supporting flexibility, innovation, and creativity in tribal programs.



Applicable Regulations, OMB Circulars, and Certifications

Code of Federal Regulations

The *Code of Federal Regulations (CFR)* is a systematic collection of the rules by the executive departments and agencies of the Federal government.



Applicable Regulations, OMB Circulars, and Certifications (cont.)

Title 45

- Part 74, *Uniform Administrative Requirements for Awards and Subawards to Institutions of Higher Education, Hospitals, Other Non-Profit Organizations, and Commercial Organizations.*
- Part 92, *Uniform Administrative Requirements for Grants and Cooperation Agreements to State and Local Governments including Indian Tribal Governments.*
- Part 98, Child Care and Development Fund Regulations
- Part 99, Procedures for Hearings for the Child Care and Development Fund
- Part 286, Tribal Temporary Assistance for Needy Families (TANF) Regulations



Applicable Regulations, OMB Circulars, and Certifications (cont.)

45 CFR Part 98 is divided into ten subparts:

- Subpart A – Goals, Purposes and Definitions
- Subpart B – General Application Procedures
- Subpart C – Eligibility for Services
- Subpart D – Program Operations (Child Care Services) Parental Rights and Responsibilities
- Subpart E – Program Operations (Child Care Services) Lead Agency and Provider Requirements
- Subpart F – Use of Child Care and Development Funds
- Subpart G – Financial Management
- Subpart H – Program Reporting Requirements
- Subpart I – Indian Tribes
- Subpart J – Monitoring, Non-Compliance and Complaints



**Applicable Regulations, OMB Circulars, and Certifications
(cont.)**

45 CFR Part 286 is divided into five subparts:

- Subpart A – General Tribal TANF Provisions
- Subpart B – Tribal TANF Funding
- Subpart C – Tribal TANF Plan Content and Processing
- Subpart D – Accountability and Penalties
- Subpart E – Data Collection and Reporting Requirements



**Applicable Regulations, OMB Circulars, and Certifications
(cont.)**

Office of Management and Budget (OMB) Circulars

Tribal governments follow these circulars:

- A-87 Cost Principles;
- A-102 Administrative Requirements (also referred to as the “Common Rule”); and
- A-133 Audit Requirements.



Policies

- Legislation and regulations represent the first two levels of rulemaking. The third level of rulemaking is referred to as *policy*. Policies are developed to guide the implementation of a regulation.
- Policies are generally issued in the form of a Policy Announcement (PA), Information Memorandum (IM), or Program Instruction (PI).



Policies

Certifications

When a grantee accepts Federal funding, they are asked to certify that they will adhere to certain cross-cutting requirements. These include, but are not limited to:

- Certification regarding debarment (includes definitions for use with the certification of debarment);
- DHHS certification regarding drug-free workplace requirements;
- Certification of compliance with the Pro-Child Act of 1994;
- Assurance of compliance with Title VI of the Civil Rights Act of 1964 (CCDF only); and
- Assurance – Non-Construction Programs (TANF only).



Basic Grants Management Principles

Allowable Cost Determination

- Costs must be reasonable, necessary, and conform to limitations set forth in legislation, regulation, or circulars.
- Costs must be consistent with the grantee's policies and procedures such as agency procurement policies.
- Grantees are required to determine and adequately document costs in accordance with Generally Accepted Accounting Principles (GAAP).
- Costs must also be “allocable” to a program to be allowable. Costs can be allocated in one of three ways:
 - Directly charged.
 - Proportionately charged
 - Indirect cost.



Basic Grants Management Principles (cont.)

Recipient/Subrecipient/Vendor Status

- There is a distinction between the status of recipient, subrecipient, and vendor. Federal awards expended as recipient or subrecipient are subject to audit under OMB Circular A-133. In contrast, a vendor supplies either goods or services.
- Payment for goods and services received by a vendor are when the organization:
 - Provides the goods and services within normal business operations;
 - Provides similar goods/services to many different purchasers;
 - Operates in a competitive environment; and
 - Provides goods or services that are ancillary to the operation of the Federal program.



Basic Grants Management Principles (cont.)

Obligation and Liquid Periods

CCDF:

The Tribal Child Care (CCDF) program grantees have a two-year obligation period with an additional one-year liquidation period, with the exception of construction awards which have a three-year obligation/liquidation period.

TANF:

Tribal TANF funds do not need to be obligated by the end of the funding period. A Tribe may reserve amounts awarded to it, without fiscal year limitation, to provide assistance under the Tribal TANF program. It may expend funds beyond the fiscal year in which awarded only on benefits that meet the definition of assistance at Sec. 286.10 and administrative costs directly associated with providing that assistance. Under current rules, Tribal TANF grantees need to obligate current year funds on non-assistance activities before the end of that current fiscal year. Current year funds that are obligated by the end of the current fiscal year may be carried into the immediately succeeding fiscal year to pay for those non-assistance activities. These obligations must be liquidated by September 30 of the immediately succeeding Federal fiscal year. Any unliquidated amounts that remain will become unobligated funds, which would be carried into the following year fiscal year to use for assistance and associated administrative costs.



Basic Grants Management Principles (cont.)

Five TANF penalties can be imposed on Tribal grantees. They are as follows:

- A penalty of the amount by which a Tribe's grant was used in violation of part IV-A of the Act, including providing assistance beyond the Tribe's negotiated time limit, as determined by findings from a single audit;
- In addition to the amount misused, a penalty of five percent of the TANF grant as a result of audit findings which show that the Tribe intended to violate a provision of the Act;
- A penalty in the amount of the outstanding loan plus interest owed on the outstanding amount for failure to repay a federal loan;
- A penalty for failure to satisfy the minimum work participation rates; and
- A penalty of no more than two percent plus the amount a Tribe failed to expend of its own funds to replace the reduction in its grant due to the assessment of a penalty.



Basic Grants Management Principles (cont.)

Administrative Costs

The Tribal TANF and Tribal Child Care programs both limit the amount of administrative cost that can be charged.

Administrative costs include the organization-wide management functions of accounting;

- Budgeting
- Coordination
- Direction
- Planning
- Payroll
- Personnel
- Property management
- Purchasing



Basic Grants Management Principles (cont.)

CCDF:

Tribal Child Care funding is broken down into three parts:

- *Mandatory*
- *Discretionary*
- Discretionary Funds *base amount* of \$20,000

Of total mandatory and discretionary expenditures, no more than 15% can be administrative

TANF:

Administrative costs cannot exceed

- 35% in year 1
- 30% in year 2
- 25% in year 3



Basic Grants Management Principles (cont.)

Penalties and Disallowances

Tribal TANF grantees face financial penalties if Federal funds are used in violation of the Act.



Basic Grants Management Principles (cont.)

Required Financial Reporting

Tribal Child Care programs must submit the ACF-696T financial reporting form annually.

Cost categories on the report include:

- Child care services;
- Child care administration;
- Non direct services;
- Quality activities; and
- Construction/renovation expenditures.

Tribal TANF grantees are required to file quarterly expenditure data on a form prescribed by ACF. Tribes receiving direct funds (non-102-477) must use the SF-269 form until the Tribal TANF 196 form is approved. 102-477 Tribes must report on the 102-477 Tribal TANF report as a part of their 102-477 annual report.



Basic Financial Management Principles: Federal Financial Management Requirements

Financial Systems

Federal grantees are required to have financial management systems that provide for timely, accurate, current, and complete disclosure of financial information while providing for oversight and protection of Federal funds.



Basic Financial Management Principles: Federal Financial Management Requirements (cont.)

Common financial management requirements include:

- Contract and compliance requirements fulfilled and grant and contract funds expended appropriately
- Accounting records maintained
- Assets safeguarded
- Internal control systems adequate
- Internal policies and procedures developed and implemented
- Costs allocated to the correct program based upon a cost allocation plan in cases where costs are shared by programs
- Annual audit performed if the Tribe receives over \$500,000 from all federal funding sources



Basic Financial Management Principles: Federal Financial Management Requirements (cont.)

Internal controls

Internal controls are the systems established by a grantee agency's governing body and/or administrative staff that are designed to provide reasonable assurance regarding the achievement of objectives



Basic Financial Management Principles: Federal Financial Management Requirements (cont.)

Internal controls address the following six areas:

- Effectiveness and efficiency of operations;
- Control of assets and records of the Tribe to protect against loss, theft, or misuse;
- Compliance with applicable laws and regulations;
- Appropriate oversight by the governing body;
- Adherence to the Tribe's policies and procedures; and
- Reliability of financial reporting.



Basic Financial Management Principles: Federal Financial Management Requirements (cont.)

Accounting Systems

The accounting department is responsible for the accounting records.

The end products of the accounting process are the financial statements that summarize all financial transactions of the Tribe and the program for the period.



Basic Financial Management Principles: Federal Financial Management Requirements (cont.)

Cash Management

Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used.



Basic Grants Management Principles: Federal Financial Management Requirements (cont.)

Audits

Agencies that expend more than \$500,000 in Federal cash are required under OMB A-133 to have an audit completed each year.

A financial audit is the process for testing the accuracy and completeness of information presented in the financial statements as well as evaluating the financial systems.



Procurement/Property Requirements

Federal Procurement Requirements

Federal grantee agencies are required to establish their own written procedures based on Federal standards for purchasing services, supplies, and other expendable property, equipment, and real property.



Procurement/Property Requirements (cont.)

Grantees shall have in place written procurement policies which ensure:

- Procurement need is legitimate;
- Open and free competition;
- Clear specifications for bids;
- Efforts to use small and minority owned businesses;
- Price comparisons/cost analysis;
- Invoices are checked against purchase orders and receiving reports;
- Goods/services are received prior to payment; and
- Contractors comply with the terms of contracts.



Procurement/Property Requirements (cont.)

Code of Conduct

Grantee agencies must maintain written standards of conduct governing the performance of employees who are involved in the award or administration of procurement contracts.



Procurement/Property Requirements (cont.)

Competition

- All procurement transactions, regardless of amount, must be conducted in a manner that provides, to the maximum extent practical, open and free competition.
- Grantee agencies must, whenever possible, make positive efforts to use small businesses, minority-owned firms, and women's business enterprises.



Procurement/Property Requirements (cont.)

Contract Requirements

A contract is defined as a legally binding agreement entered into by two parties for the purpose of purchasing goods or services. Federal regulations found at 45 CFR 92.36(i) detail provisions which must be included in all contracts which require payment by Federal funds. Grantees must have a contract administration system in place to monitor contractor adherence to contract terms, specifications, and conditions.



Procurement/Property Requirements (cont.)

Property Management

Grantees must have written procedures which document their system for:

- Maintaining control over assets including assurance against loss, theft, damage, etc.;
- Separation of duties, e.g., control of assets vs. control of records; and
- Inventory process which provides for inventory of Federal equipment every 2 years.

Inventory records must include the following information for all equipment:

- cost;
- serial number;
- source;
- title holder;
- acquisition date;
- description;
- percent of Federal dollars used for purchase;
- current location;
- condition; and
- disposition data.



Other Administrative Requirements/Options

Record-Keeping and Record Retention

Grantee financial records, supporting documents, statistical records, and all other records pertaining to the grant award must be retained for a period of at least three years from the date of submission of the annual financial report (45 CFR 92.42, or 45 CFR 98.90). Exceptions to this are:

- If any litigation, claim, financial management review, or audit is started before the expiration of the three-year period
- Records for real property and equipment acquired with Federal grant funds must be retained for three years beyond the date of final disposition.

Tribal TANF programs, the three-year record-keeping requirement in 45 CFR 92.42 has been interpreted in TANF-ACF-PI- 2003-1, dated January 28, 2003.



Other Administrative Requirements/Options (cont.)

Program Administration Option: Indian Employment, Training and Related Services Demonstration Act (102-477)

Public Law 102-477 permits tribal governments to consolidate a number of Federal programs to integrate their federally funded employment, training, and related services programs into a single, coordinated comprehensive program. The TANF and CCDF programs may be consolidated under P.L. 102-477.